Basic Candlestick Patterns

TRADING LEGEND

Table of Contents

Reversal patterns 3

Continuation Patterns 5

Reversal Chart Patterns 6

Continuation Chart Patterns 6

Candlesticks in more detail 9

Reversal Candlestick Patterns in more detail 13

Bullish / Bearish Engulfing Candle Patterns 13

Bullish and Bearish Engulfing Bars Introduction 17

Morning / Evening Star candle pattern 19

Bullish and Bearish Abandoned Baby Candle Pattern 32

Bullish - Three White Soldiers Candle Pattern & Bearish - Three Black Crows Candle Pattern 34

Bullish Three Inside Up - Three Outside Up 40

Bearish Three Inside Down - Three Outside Down 42

Continuation Candlestick Patterns 46

Bullish Rising Three Methods & Bearish Falling Three Methods 46

Bearish Falling Three Methods 47

Bearish In-Neck, On-Neck &Thrusting Candle Patterns 51

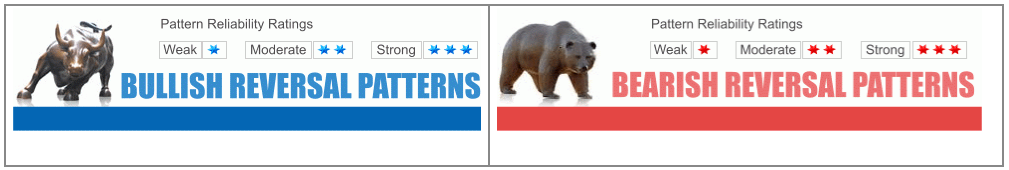
Bearish On-Neck candle pattern 51

Bearish In-Neck candle pattern 51

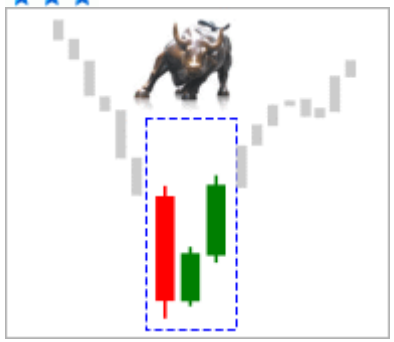
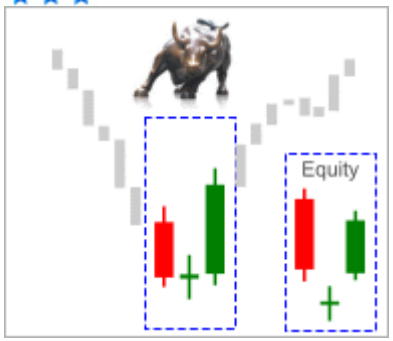
Bearish Thrusting candle pattern 51

Reversal patterns

Legend:



Engulfing	Morning Star	Engulfing	Evening Star
★★★	★★★	★★★	★★★

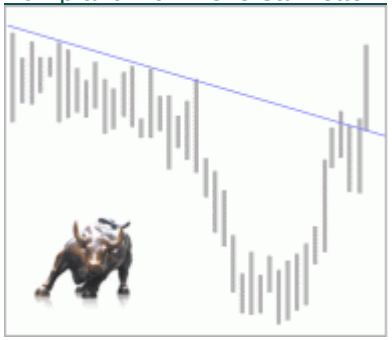
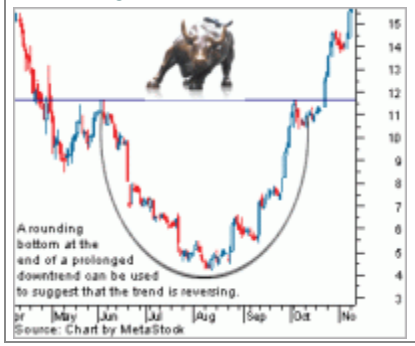
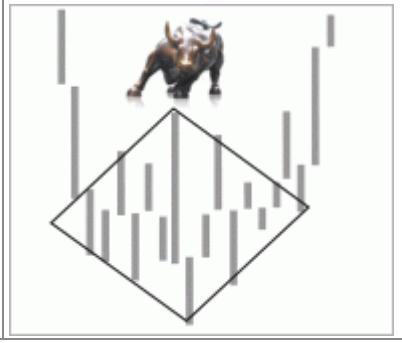
Morning Doji Star ★★★ 	Three Inside Up ★★★ 	Evening Doji Star ★★★ 	Three Inside Down ★★★
Abandoned Baby ★★★ 	Three White Soldiers ★★★ 	Abandoned Baby ★★★ 	Three Black Crows ★★★

Continuation Patterns

Continuation patterns suggest the market will maintain an established trend. Often the direction of the candlesticks themselves are in the opposite direction of trend in continuance. Continuation patterns help traders differentiate between a price action that is in full reversal and those merely taking a pause. Most traders will tell you there is a time to trade and a time to rest. The formation of continuation candlestick patterns imply consolidation, a time to rest and watch.

Rising Three Methods ★★★ 	Three Line Strike ★★★ 	Falling Three Methods ★★★ 	Three Line Strike ★★★
		In-Neck ★★ 	On Neck ★★

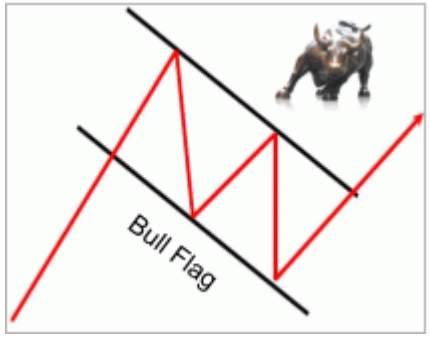
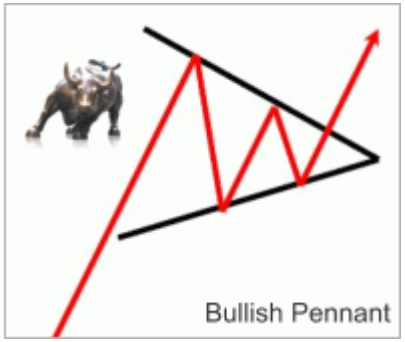
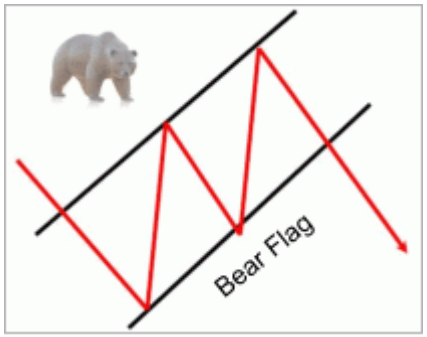
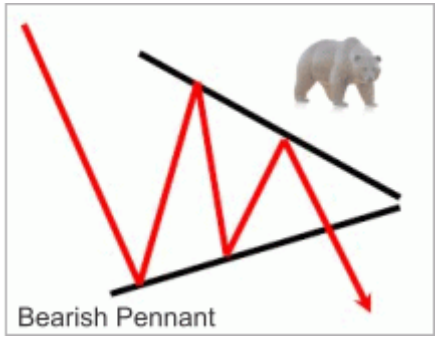
Reversal Chart Patterns

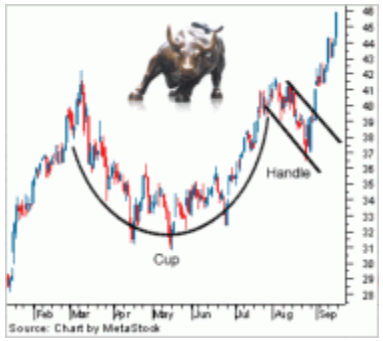
Head and Shoulders Bottom	Double - Triple Bottom	Head and Shoulders Top	Double - Triple Bottom
Wedges	Bump and Run Reversal Bottom	Wedges	Bump and Run Reversal Top
			
Rounding Bottom	Diamond Top	Diamond Bottom	
			

C

ontinuation Chart Patterns

Continuation patterns suggest the market will maintain an established trend. Continuation patterns help traders differentiate between a price action that is in full reversal and those merely taking a pause. Most traders will tell you there is a time to trade and a time to rest. The formation of continuation candlestick patterns imply consolidation, a time to rest and watch.

Bull Flags	Bullish Pennant	Bear Flags	Bearish Pennant
			

Bullish Wedge 	Cup and Handle 	Bearish Wedge 	Descending Triangle
Ascending Triangle 	Symmetrical Triangle 	Symmetrical Triangle 	

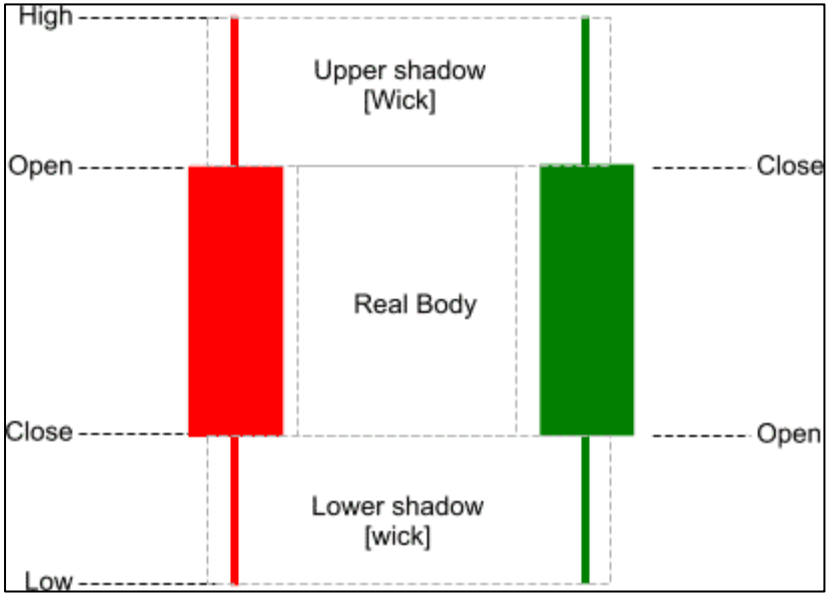
Candlesticks in more detail

One candlelit evening in the 17th century, a Japanese rice trader Munehisa Homma was feeling quite creative, probably under the influence of some rice ouzo came up with an idea that somehow he can translate rice market prices into candlestick shapes. After all looking and trying to memorize all price moves in numbers wasn't that practical, especially when he was creative.

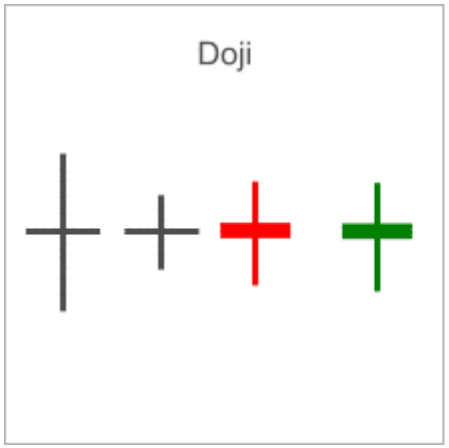
All those years in the west they stick with line and bar charts, until guy named Steve Nison introduced to the rest of the world. He made a career out of it. I hear sometimes some people calling him as candlestick guy.

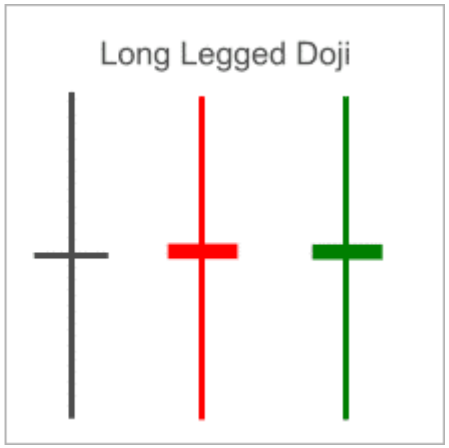
I intend to put together few articles going through most of the useful candle patterns over the coming days and weeks. Lets start with the basics for the benefits of those who are new to all this candle patterns stuff.

How candles are formed. Anatomy of candlesticks. Lets the pictures do the talking.



As in everything in this life, not all candles come in same shapes and sizes. It's a good idea to familiarize ourselves with some noticeable ones.





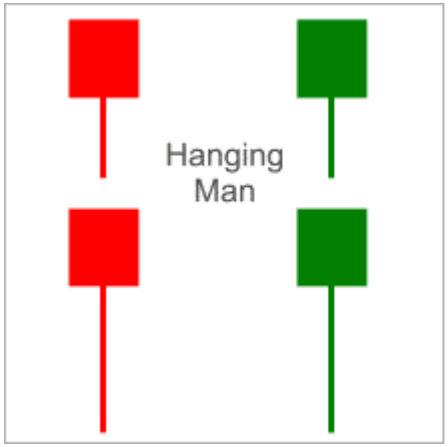
Doji: When opening and closing prices are almost the same we have a doji candle. However, as you can see on above Doji candles opening and closing prices npt always may be virtually the same. On the other hand wick [shadow] length can be at different sizes on different occasions. Doji tells us there are some dog fight is going on the market. Neither buyers or sellers were able to take charge, as a result we end up in bit of uncertainty. Indecision. However, we can decide on making a coffee for ourselves while PA resolves itself.

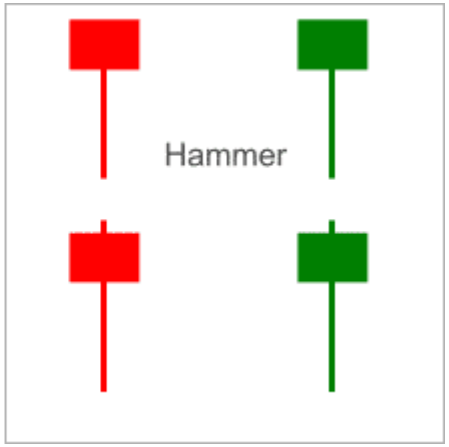
Long Legged Doji: Same as above but it tells us dog fight is much more bigger. I really don't like messing around with big dogs.

Dragon Fly Doji: Opening and closing prices are highest of the candle. Opens high, travels south then comes back to opening price to close. Looks just like alphabet T, long lower shadow and no upper one. We see that from the open, sellers were in charge but when they hit the bigger buyers, price has been pushed back to where sellers started. It could be useful when it appears on a decent demand zone.. In my trading candlesticks and candlestick patterns carries any weight, when they appear on a decent buyers or

sellers zones.. So for me, first levels then PA.. Why? Because those levels where the noticeable sellers and buyers lives. However, we don't know how decent they are, so we wait for the PA to tell us.

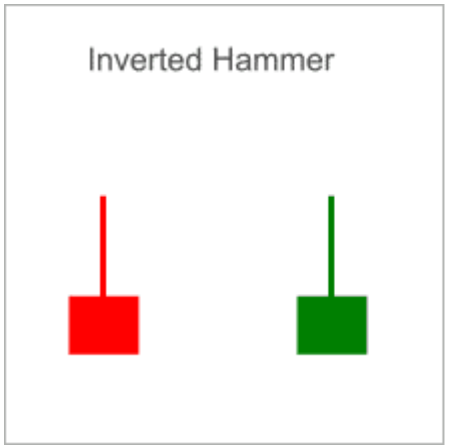
Gravestone Doji: Opposite of Dragon fly doji. The name gives some hints about the possible PA.

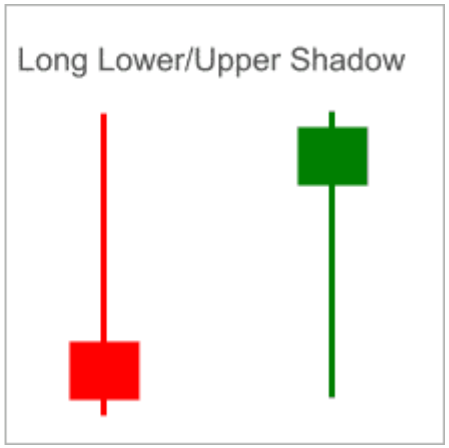




Hanging Man: Bear or Bull candle with small body near the high with a little or no upper shadow but long lower shadow. The lower shadow should be 2 or 3 times of the height of the body. It's considered bearish pattern during up-trend, as it indicates that buyers are running out of steam. However, it doesn't mean for sure that buyers lost the control. It shows momentum decreasing and direction or price may be getting near to change. Just an early possible sign. (*ps/.On the above illustration upper hanging man lower shadows looks bit short, I was just trying to fit into same size box. My apologies*)

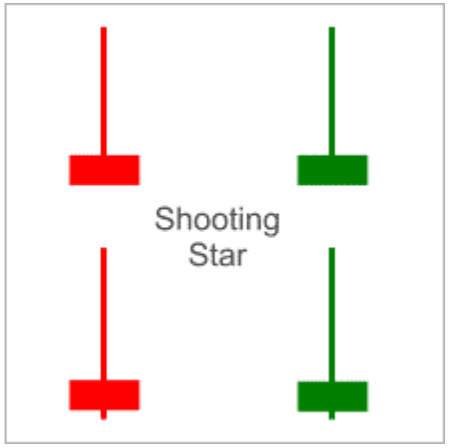
Hammer: Small body close to high with no or little upper shadow but long lower shadow. A lollipop candle but don's start licking it too early. It's considered as a bullish candle pattern during a down-trend. It simply tells us where sellers were in control but buyers were able to take charge and as a result they push the price back up near to open or above. Keep in mind, it doesn't tell us buyers simply take total control, but it indicates that buyers getting stronger.. more buyers coming into the market.





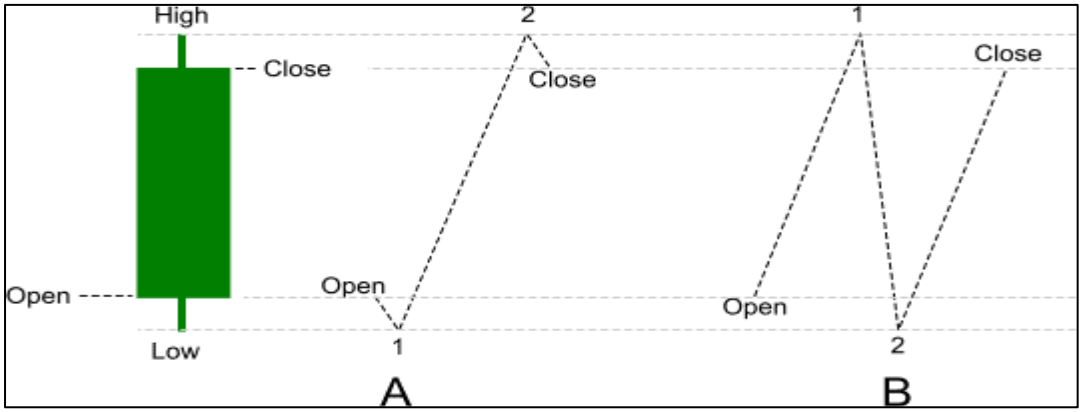
Inverted Hammer: Considered as a bullish reversal sign in a down-trend. After a down move, long upper shadow tells us there were some buyers but they failed to sustain the move as it close below their high. Need further confirmation about buyers strenght. It would be better, if see inverted hammer followed by gap up or long bull candle with a decent volume.

Long Lower/Upper Shadow: Bear or Bull candlestick with a lower or upper shadow which has 2, 3 or more times bigger than total candlestick body. Bear candle considered as bearish sign while bull candle bullish.. Once again all these carries any weight in and around decent levels.



Marubozu: Main characteristic of this bear or bull candle is that there are no upper or lower shadows [wicks]. It's considered as a continuation sign.

Shooting Star: Bear or bull candles with small body, little or no lower shadow and long upper shadow. It's considered a bearish/reversal sign in an up-trend. However, confirmation required. It would nice to see gap down or longish bear candle after shooting star before entry.



Inside a Candle: When I was new in trading and started to use candlestick charts, I use to think prices moved like in sequence A to form a candle as illustrated above. However, reality is not that straight forward. Do not assume anything and investigate it yourself to find out how it happens. If you want to see how any one candle is build, what it's price structure, just go down to lower time frames. This could be a useful eye opener for new traders or traders new to candlestick charts.

I cannot remember the name of it at present, but there is an indicator that enables you to display, say H1 candles on M5 chart and so on. I had a good fun with this indi while I was trying to understand price structures..

Next, I will delve into "Reversal Candle Patterns"

Reversal Candlestick Patterns in more detail

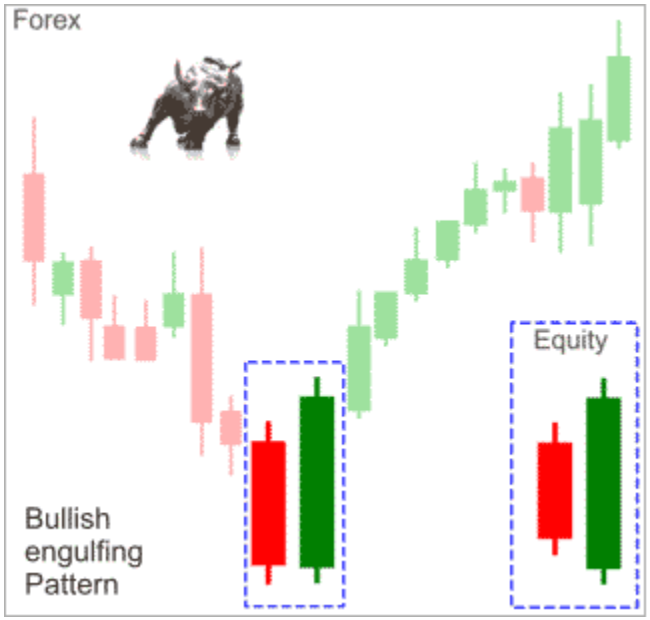
Please keep in mind these candle patterns are important within their rightfull context. Meaning they shine in Sellers and Buyers [Supply & Demand] zones, not betwwen. For instance you may see engulfing candle in the middle of a move in either way. It usually doesn't mean anything much unless, we witness establishing of a fresh zone.

Bullish / Bearish Engulfing Candle Patterns

Lets start with engulfing pattern which is considered to be most strong of all in the right place.

As it's a reversal pattern, Engulfing candlestick pattern is most beneficial when there is a up or down trend. It's for identifying the turning/reversal point. It's kind of recognizing top or bottom of given up or down trend move. Trends we are talking here is Time Frame specific. You may have many mini trends withing the scheme of larger trends and therefore as you breakdown larger trend there will be many more turning points of mini trends in a smaller time frames.

Keep in mind most patterns requires a confirmation. For example, just because we see an engulfing pattern on a uptrend that doesn't mean an auto sell assuming it'll turn there. In order to move reverse, we need to see convincingly buyers or sellers overcomes one another in quantitative terms. High probability trades develops when these patterns occurs in supply/demand zones.



Engulfing patterns are made of two candlestick, one down and one up. Bull and Bear candles. The picture on the left uses red for price going down [bear candle] and green for price going up [bull candle. Different traders may use different colors which is not important.

The important aspect that second candle totally engulfs the first one. It's even better if the body of the second candle even covers the first candles wicks too.However, it's not necessery. Wicks are allowed, they are usually small or non exist intent.

The size of the first candle is not important but it shouldn't be a doji as it would be very easy to cover therefore force of the opposite move will suggest it's a weak one. However, the size of the second candle does matter. Bigger is better [within reason]

- Look for the existing trend up or down
- See if the engulfing patterns occurs within supply and demand zones. Remember, engulfing patterns occurring in new highs or ranging markets cannot be considered bearish or bullish reversal.. It'd more likely be a continuation.

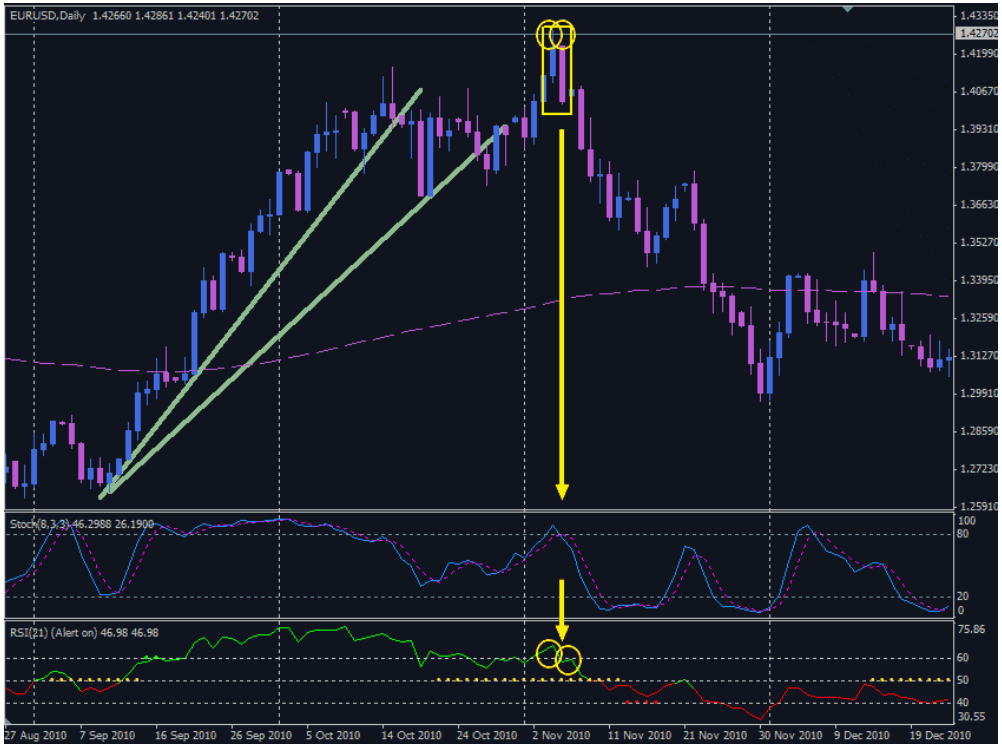
How do we determine the existing of down or up trend? Some of the followings may be used for this purpose but my favorite one is to identify supply and demand levels and work from there.

- Peak and dip reactions are lower or higher than previous.
- Price has been below or above it's trend line and so on. Best time to enter after engulfing pattern established and price broke the trend line.

Some chart examples with engulfing candle pattern - Bullish

Some chart examples with engulfing candle pattern - Bearish

You may also use indicators for additional helper indicator/s to see possible reversal points:



Bullish and Bearish Engulfing Bars Introduction

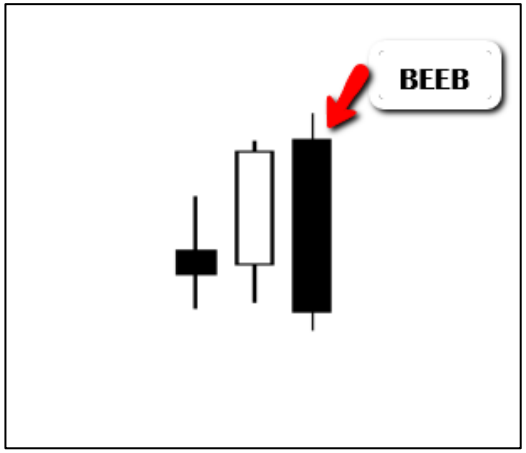
This article is all about one of the most powerful and reliable Forex price action set ups available. It is the bearish and bullish engulfing bar. Some traders call it the bearish or bullish outside bar. When played from the right areas and with the knowledge of how to be used correctly the engulfing bar is extremely useful price action tool to have in the trader's armoury.

The acronyms for bearish and bullish engulfing bar are **BEEB** and **BUEB**.

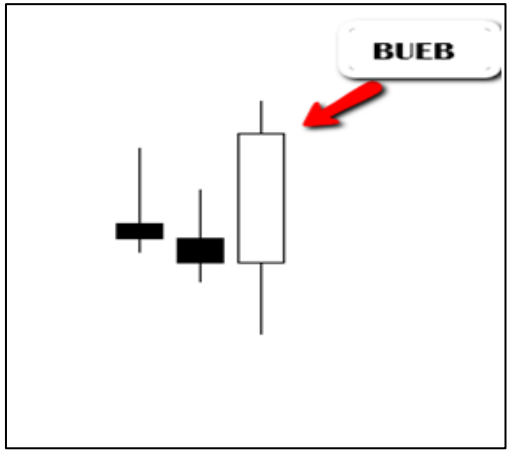
Engulfing Bar structure:

The engulfing bar as it states in its title is formed when it fully consumes the previous candle. The engulfing bar can engulf more than 1 previous candle but to be considered an engulfing bar at least 1 candle must be fully consumed.

An example of a valid Bearish Engulfing Bar



An example of an Bullish Engulfing Bar



When looking for Engulfing bars we are looking for the large and very obvious bars that stick out. The bigger the Engulfing bar the better to trade as Engulfing bars are momentum bars, and we want to trade with momentum on our side! The bigger the bar, the bigger the momentum!

Not all Engulfing bars are tradeable signals and this is where the knowledge of where to look for them to form is absolutely key! The 2 basic criteria that need to be followed for an Engulfing bar to be a tradeable Engulfing bar are:

1: Must be large and obvious,

2: Must form at a swing point.

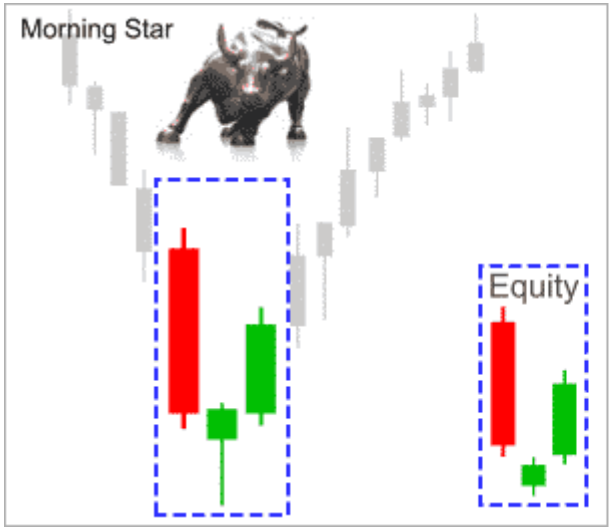
Those are just the 2 very basic things you need to look for when assessing an engulfing bar. When I say the Engulfing bar must form at a swing point, I mean if in an uptrend it must form at a swing low or if in a down trend it must form at a swing high.

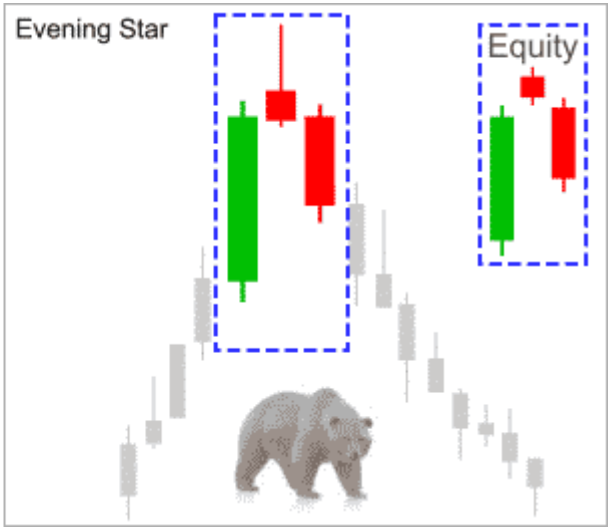
Example of large and obvious Engulfing Bars

When combined on high time frames such as weekly and daily charts, and used with correct money management the Engulfing bar is a very reliable and profitable Forex tool that every trader should have in their arsenal. Further information on how to correctly trade Engulfing bars, including where to enter, and stop placement as well as where the correct place to trade these signals from is included in my plan.

Morning / Evening Star candle pattern

A fairly reliable reversal candle pattern. It can indicate the start of the reversal may be imminent with the current trend. The trend we refer is the timeframe we'd be watching the pattern developing on.





Morning Star

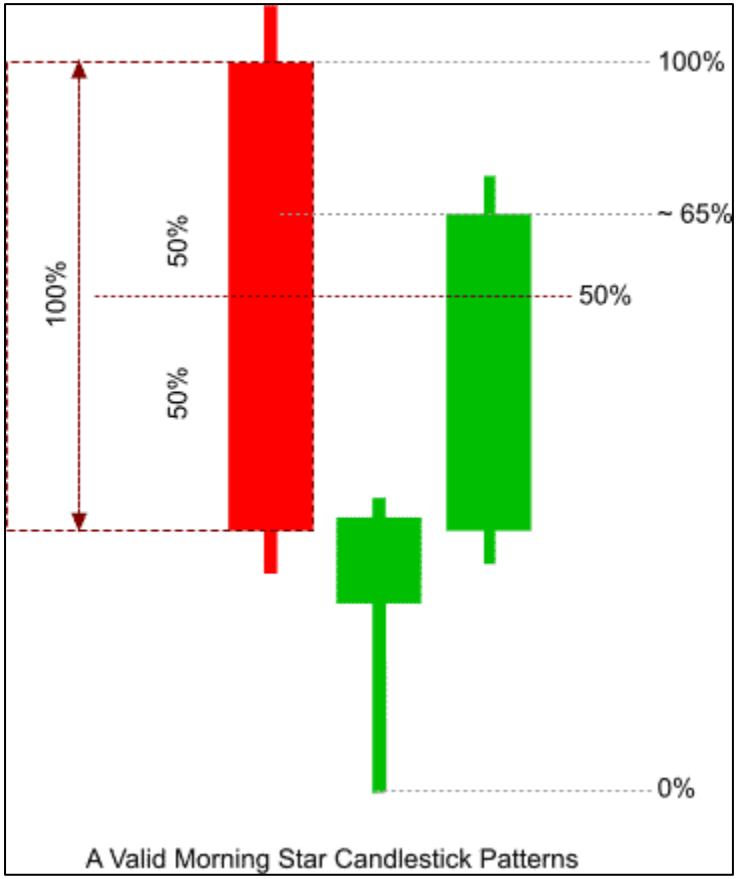
Morning star candle pattern is a bullish reversal candle. We'd be looking for it in a down trend. But where? It looks all fine on the drawing above but in real life it may not be as clear as that. Sure, the above illustrations are only for giving you an idea what it'll look like approximately. We may see similar patterns on the way down and still continue to move down.. We keep say the following but I don't see any harm of repeating again and again:
We look left and trade the right.

We look left to see what has happened before on these levels. Is there any important historical lines and levels. If there is then we will much better probability for the pattern to work as suggested. Otherwise we ignore. Further details about identifying levels and the pattern we are talking about in the following paragraphs with real chart examples. However, before that lets examine the what morning star made of.

Essentially we need 3 candles to form morning star

1. **First** bar is large bear candle within defined down-trend. Bears are still in charge.
2. **The second** bar can be bit tricky. It may look like bull or bear hammer with long lower wick. It may also be a spinning top or doji candle. Main thing is here bulls are starting to talk.

3. **The third** bar is a largish bull candle. The third candle should close at least more than the halfway above the first candle [large bear candle] We need to wait until third candle closes to see if it's a valid morning star or not. Let the fat lady to finish her singing before jumping in any conclusion.

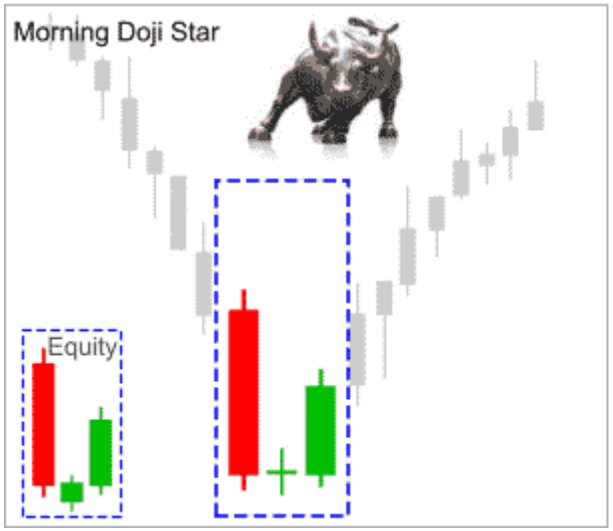


Evening Star

It's simply bearish version of the Morning Star candlestick pattern. We'd look for evening star candle pattern in an up-trend. Just reverse the logic and you'll have evening star. Still made of 3 candles.

1. **First** bar is large bull candle within defined up-trend. Bulls are still in charge.
2. **The second** bar can be bit tricky. It may look like bull or bear hammer with long upper wick. It may also be a spinning top or doji candle. Main thing is here bears are starting to talk.

3. **The third** bar is a largish bear candle. The third candle should close at least more than the halfway down the first candle [large bull candle] We need to wait until third candle closes to see if it's a valid evening star or not.



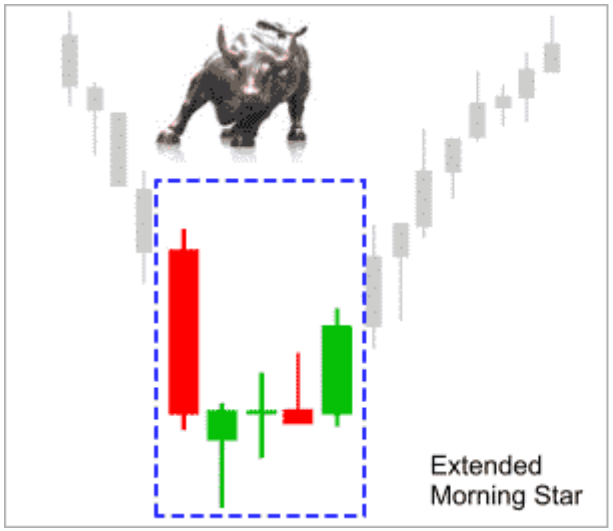
Morning Doji Star Candle Pattern

Same as above.. only difference is that second candle formed as doji rather than hammer like.

Evening Doji Star Candle Pattern

Same as above.. only difference is that second candle formed as doji rather than hammer like.

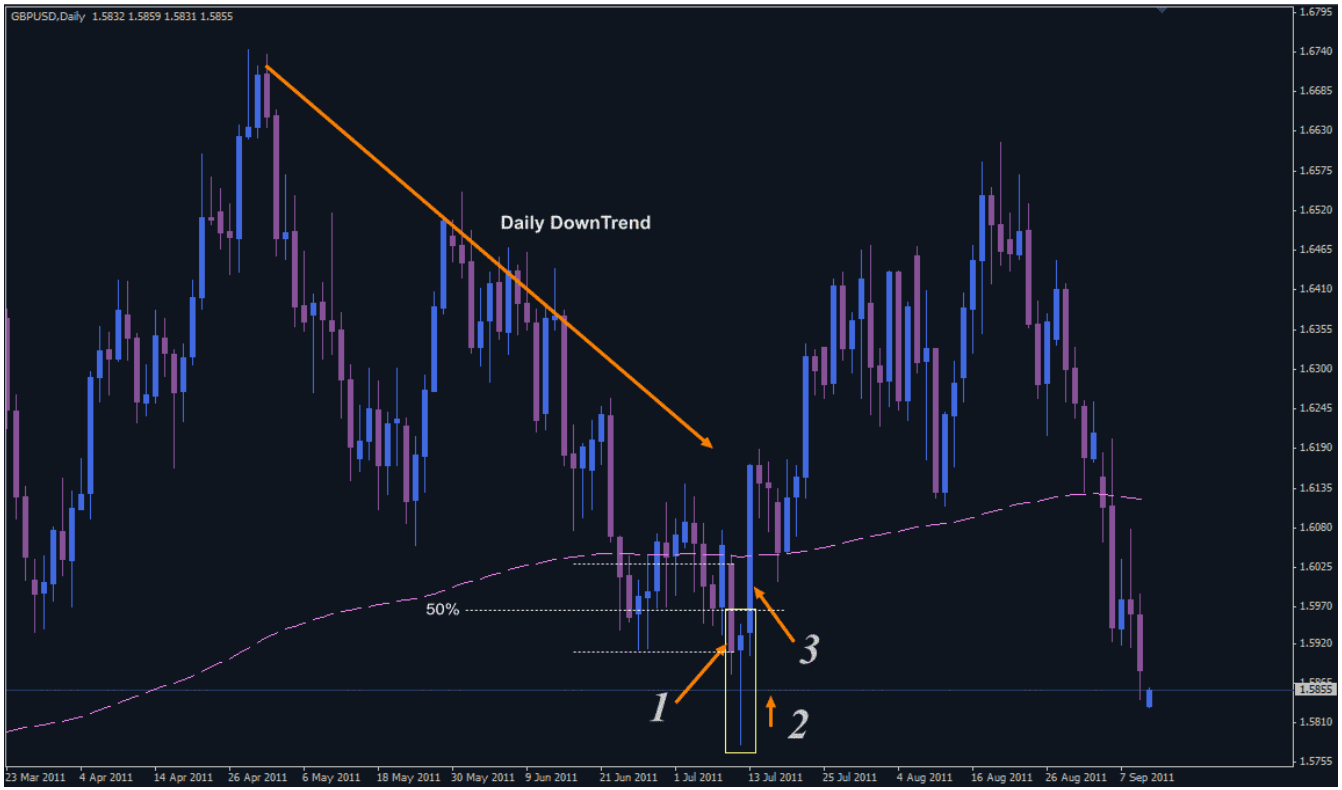
Some says morning and evening stars can have more than 3 candles as illustrated below. I'll try to stick with the basic definitions rather than complicating things.



Important aspect to remember morning/evening star candle patterns carries much more weight they form in and around the supply and demand zones, like other reversal candle patterns.

Don't mix the chart patterns with candle patterns. Once I have gone through important candle patterns I'll move in to explore chart patterns.

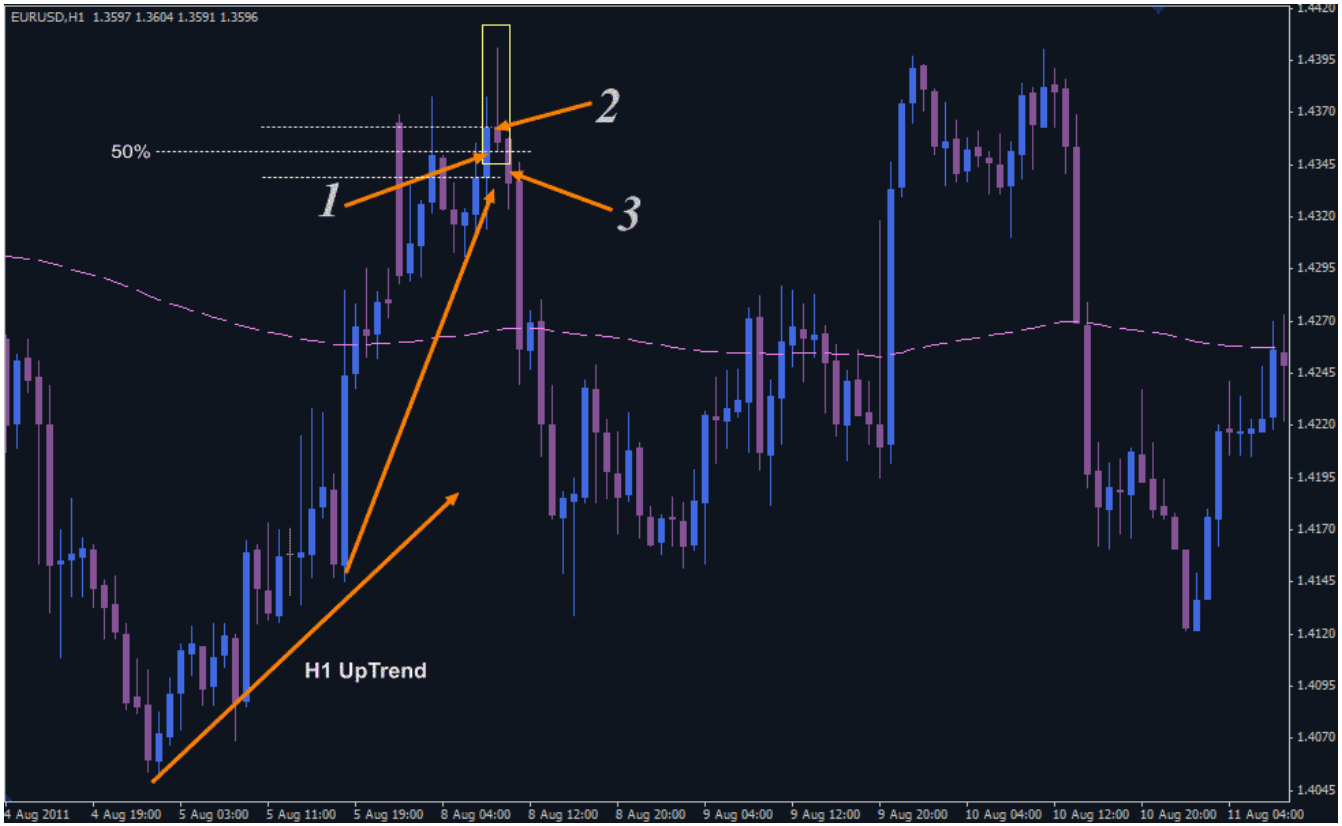
Lets check real charts and see how these morning and evening stars looks like on them.



Morning Star

A very nice looking morning star. If the third bar wasn't quite large it'd would have been even more nicer. We are in daily down-trend. We have our large bear candle [1], then hammer look a like bar with a long lower wick [2], and finally [3] we have our bull candle which is more than half of first candle [bear] body, we have our pattern completion bull candle.

When we see such large bars [candle number 3 in this case], sometimes it pays much better if we wait and enter on retracement. More often than not after large bars we usually see some retracement. Most likely there will be some quick profit taking and re-loading take place. However, in news and unexpected events times the above will not apply as described. In such times price can move very fast 100+ pips in one direction without any retracement.. Extreme greed or panic would be the story of the day.



Evening Star

As you can see just the opposite of morning star. We have an up-trend on H1 and we have our 3 candles nicely forming the evening star candle pattern.

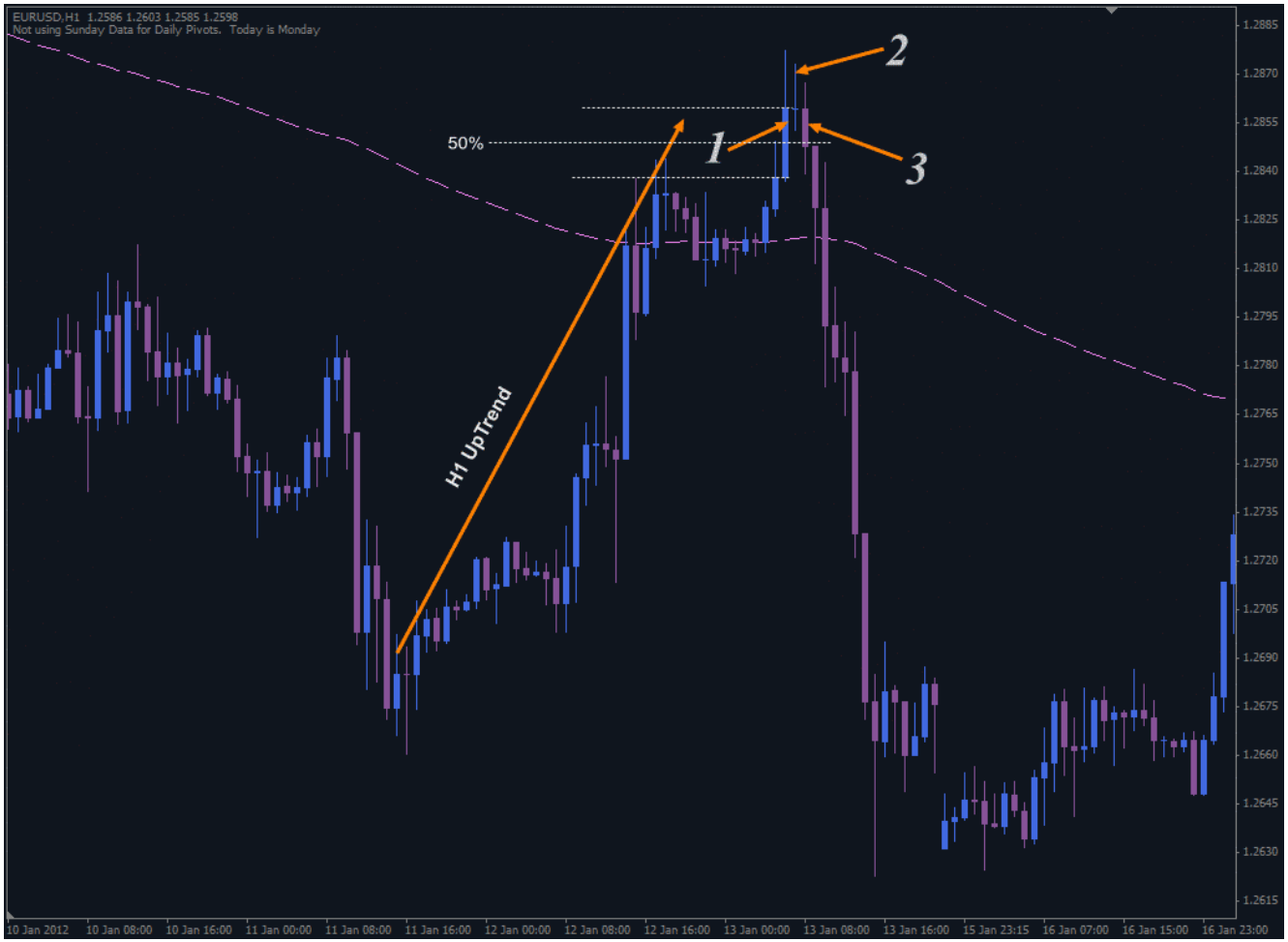
Another example of a good looking **morning star** candlestick pattern. Daily down-trend, largish bear bar, spinning top then to complete the pattern ample bull bar. Additionally, new demand zone established on completion of the pattern.

What about the formation at the top? Candles highlighted with dotted yellow box. Would you consider it as evening star? All good except the second candle doesn't look like a hummer with long upper wicks or doji but it looks like a bear spinning top candle. Well, in this case it wouldn't be much of an issue as we lookto the left and see the price action and price hitting a fresh supply zone and bouncing from it nicely.

Morning doji star

Same as morning star candle pattern. Only difference is we have doji for the second candle instead hummer like candle with long lower wick.

This particular chart also demonstrate that down-trend reversal may take longer, even engulfing candle where demand established couldn't do the job on this occasion. However, do not under estimate the power of the engulfing candle here. It shows us there are serious buyers at these prices. Additionally note that demand established with the engulfing candle.

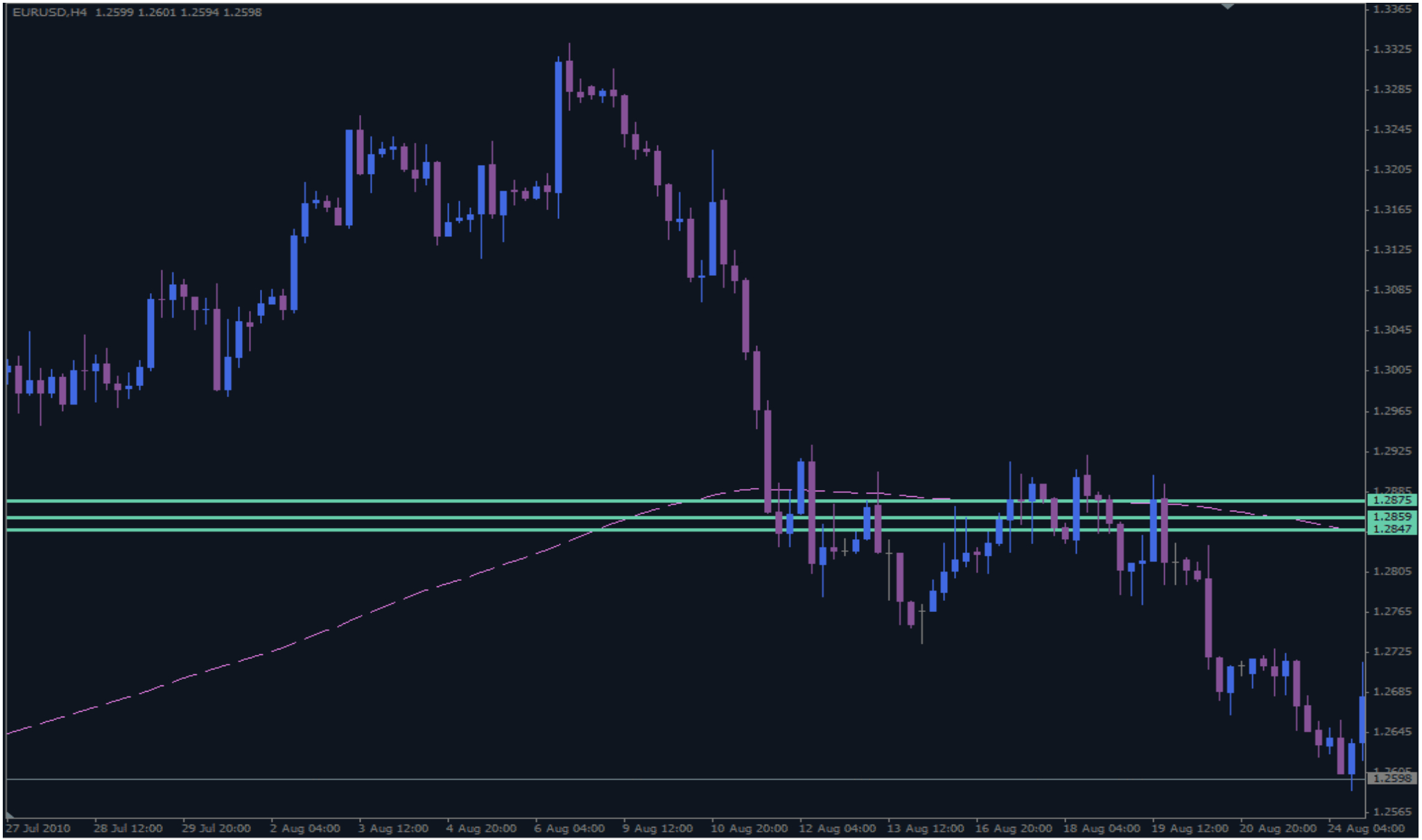


Evening doji star

Some may be saying, well there are no reference or indication on immediate left that other than evening doji star, which may indicate up-trend reversal. Then we go in higher time frames and look for important historical levels and price lines.

Here is H4. We see on immediate left possible reaction zone. Vertical red line drown on H1 doji candle.

More further left of H4



...More further left of H4

... and left of daily

When not sure or things looks bit fuzzy always check the left. It usually is quite surprising kind of treasures we come across in price history.

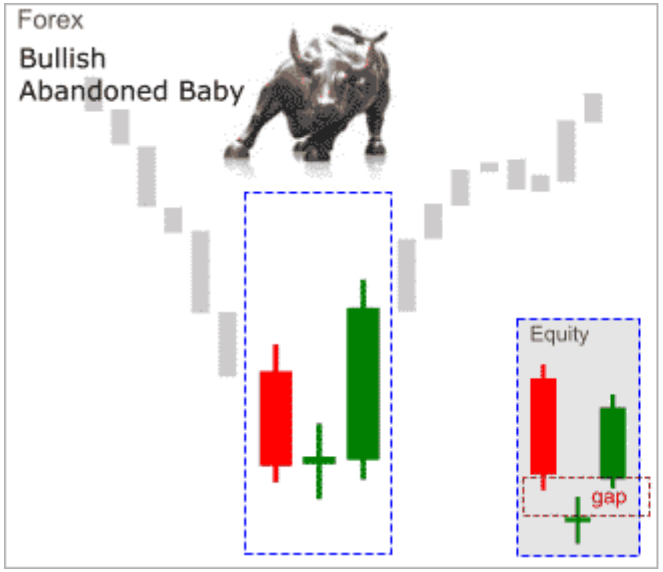
Once again... We look left and trade the right.

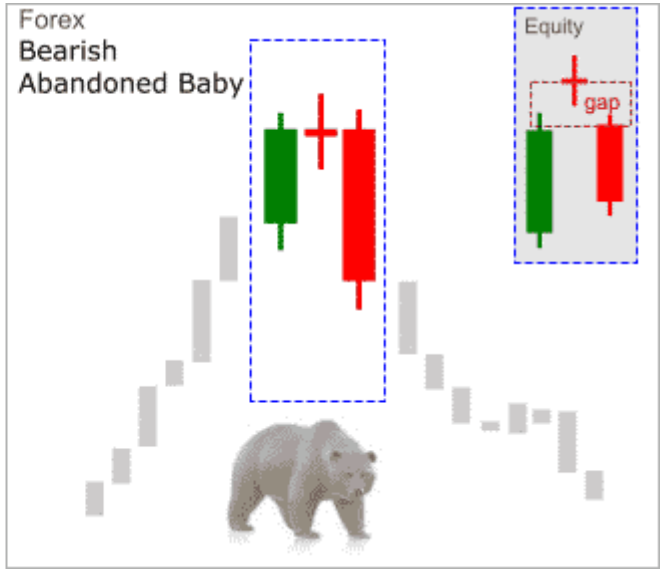
Bullish and Bearish Abandoned Baby Candle Pattern

Lets start with engulfing pattern which is considered to be most strong of all in the right place.

Who'd want to abandon their baby? I don't think many people does it. Similar situation applies to markets when it comes to Abandoned Baby candlestick pattern. It's appearance is pretty rare on trading charts but once it appears in a correct place [zone] it's considered to be quite a reliable indicator of the trend reversal.

Most of the online sites describes Abandoned Baby that appears on equity market charts. Let's make it clear again, Abandoned Baby candle pattern like many others is different to ones we may see on Forex charts. The key difference is the gap required for equity markets Abandoned Baby candle pattern while it's not the case for the 24 hours traded Forex markets, unless, somehow it appears with a gap on market opening after the weekend break.





Remembering that Abandoned Baby Candle Pattern is a trend reversal one, bullish Abandoned Baby Candle Pattern appears at the bottom while bearish Abandoned Baby Candle Pattern appearing at the bottom.

Of course we don't know when that top or bottom may be establishing. In general terms in Financial markets there is no such a thing as bottoms and tops. We can only define them once established on any given time frame charts not as a whole market for any instrument. Just like trends, unless you specify time a time frame asking such question as "What's the EUR/USD trend?" would be meaningless.

As always we look and see if the Abandoned Baby Candle Pattern appears in and around any significant supply and demand zones.

The above illustrations give pretty clear idea about what Abandoned Baby Candle Pattern may be looking like on our trading charts.

Bullish Abandoned Baby Candle Pattern
Appears on a down-trend when price reaches significant lows. We wouldn't be looking for this pattern on an up-trend.
First bar of the pattern is as continuation of the current trend which would be a bear bar/candle. It's noticeably a largish bear candle with a smaller wicks compare to it's body.
Second candle forms as a doji where opening and closing prices of the candle almost the same. We see buyers start to show their hand but it's inconclusive at this point as they are not able to take control at this point. It may be bear or bull doji.
Third candle is a strong bull candle with smallish wicks compare to it's body, where we can see buyers gaining the control. Third candle needs to penetrate well into first [bear] candle and in some cases above.

Bearish Abandoned Baby Candle Pattern
Opposite the bullish version. Just reverse the logic and you'll have the description of Bearish Abandoned Baby Candle Pattern.

You'll also notice that Forex Abandoned Baby Candle Pattern is almost identical to Morning/Evening Doji Star Candle Pattern [See here]. There are not much to separate these two candle patterns. Therefore it's more of an insufficient equity markets candle pattern with it's full implied meaning - abandoned [gap is the cause of abandonment]

Bullish - Three White Soldiers Candle Pattern & Bearish - Three Black Crows Candle Pattern

We have another couple of candle patterns with an interesting names. While the bullish version of the same pattern named as a white soldiers, the opposite of version called not 3 black soldiers but 3 Black Crows. I guess they tried to avoid any possible tone of racism. Well, if I was naming them I'd have used for bullish version 3 Brave Soldiers and bearish version 3 Rebel Soldiers if were to stick on with soldiers theme. Perhaps more simpler approach would have been better by just naming them 3 Up Pattern and 3 Down Pattern.

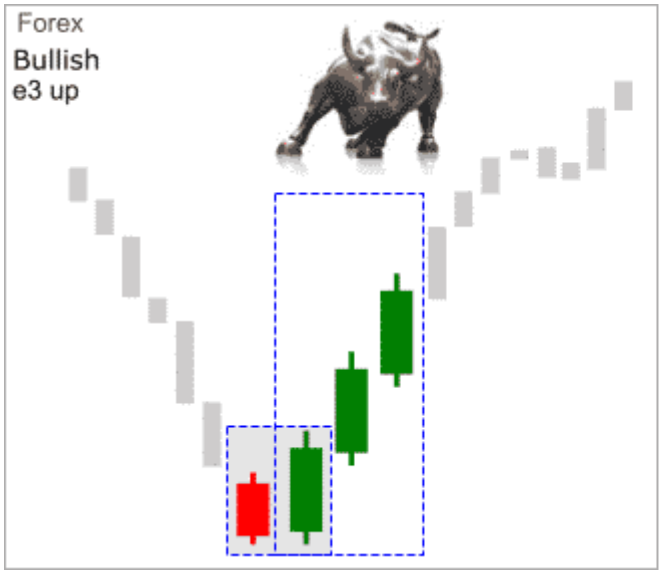
They say the reason they called as white soldiers and black crows is that in those old days they were drawn as white and black candles. Additionally in early days of computing they didn't have color monitors, just black and white.

Have look above Three White Soldiers Candle Pattern and Three Black Crows Candle Pattern illustrations. What do you see?

It clearly shows that price reached in certain bargain levels that buyers [Three White Soldiers] or sellers [Three Black Crows] get ecstatic and jump in the market with a force.

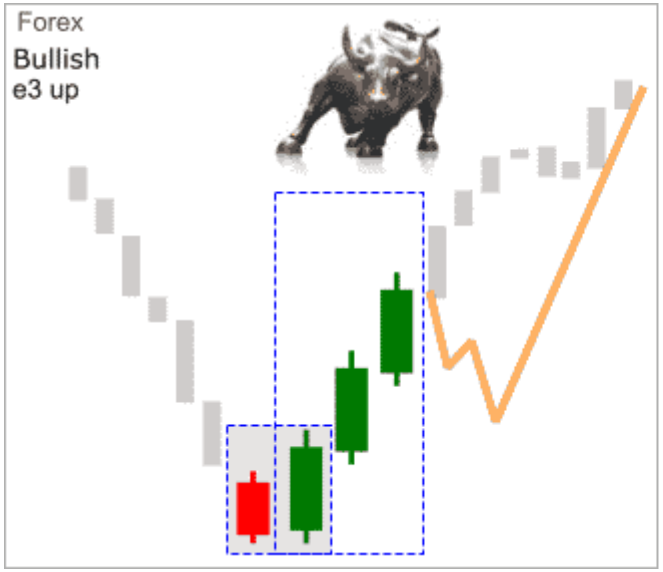
Keeping in mind these are trend reversal patterns. We'd be looking for Three White Soldiers Candlestick Pattern on a down-trend and for Three Black Crows Candle Pattern on a up-trend. Once again within the context of major supply and demand zones.

Both patterns are made of 3 bull or bear candles. Each new candle is making new highs in respect of the previous candle.



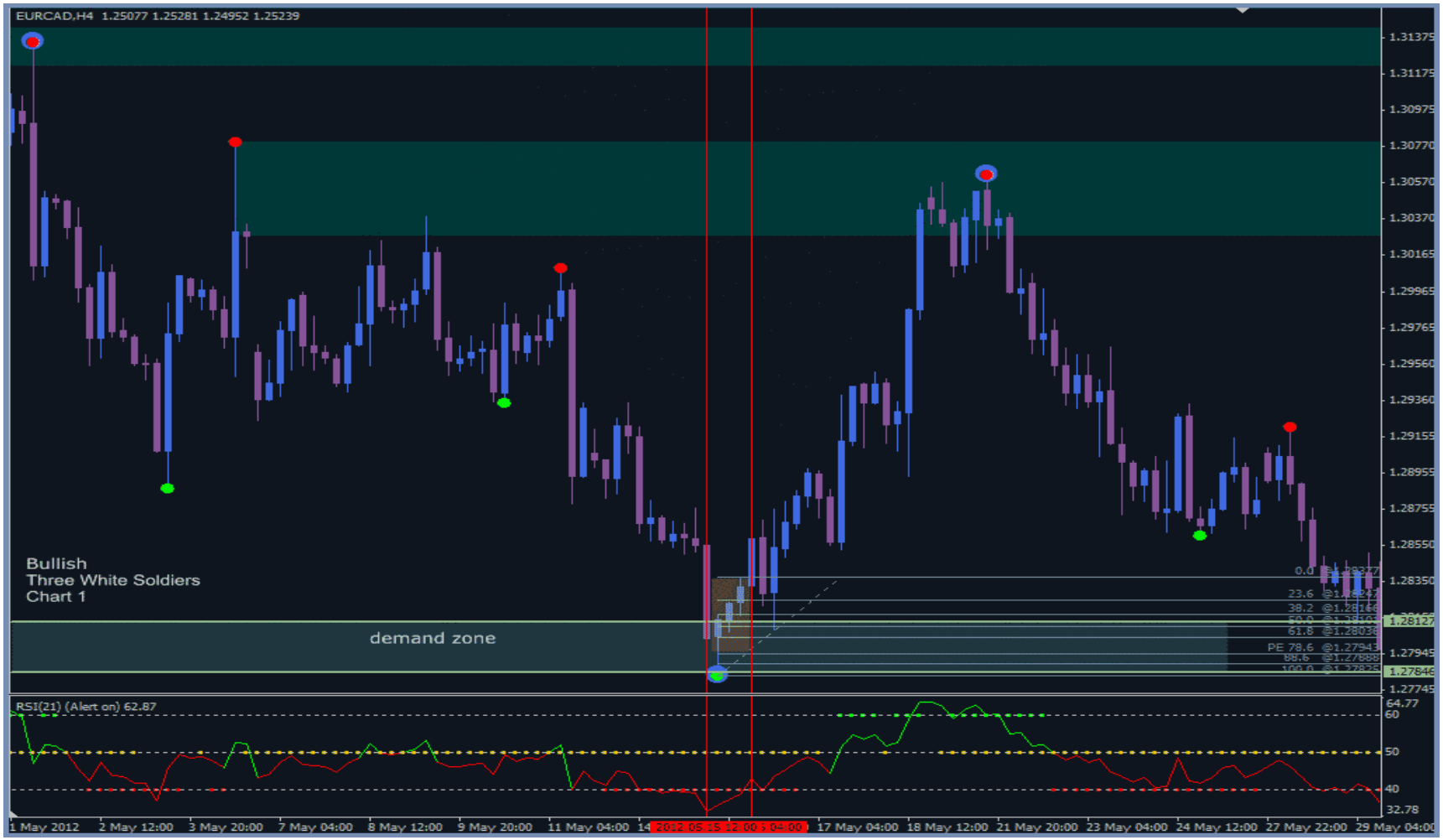
Lets consider this. What about if the pattern starting with another reversal candle pattern engulfing as illustrated above. We would have two combined reversal pattern occurrence one after another. It sounds exciting doesn't it. I'm going to give a new name to these combined patterns e3 up for bullish version and e3 down for bearish version.

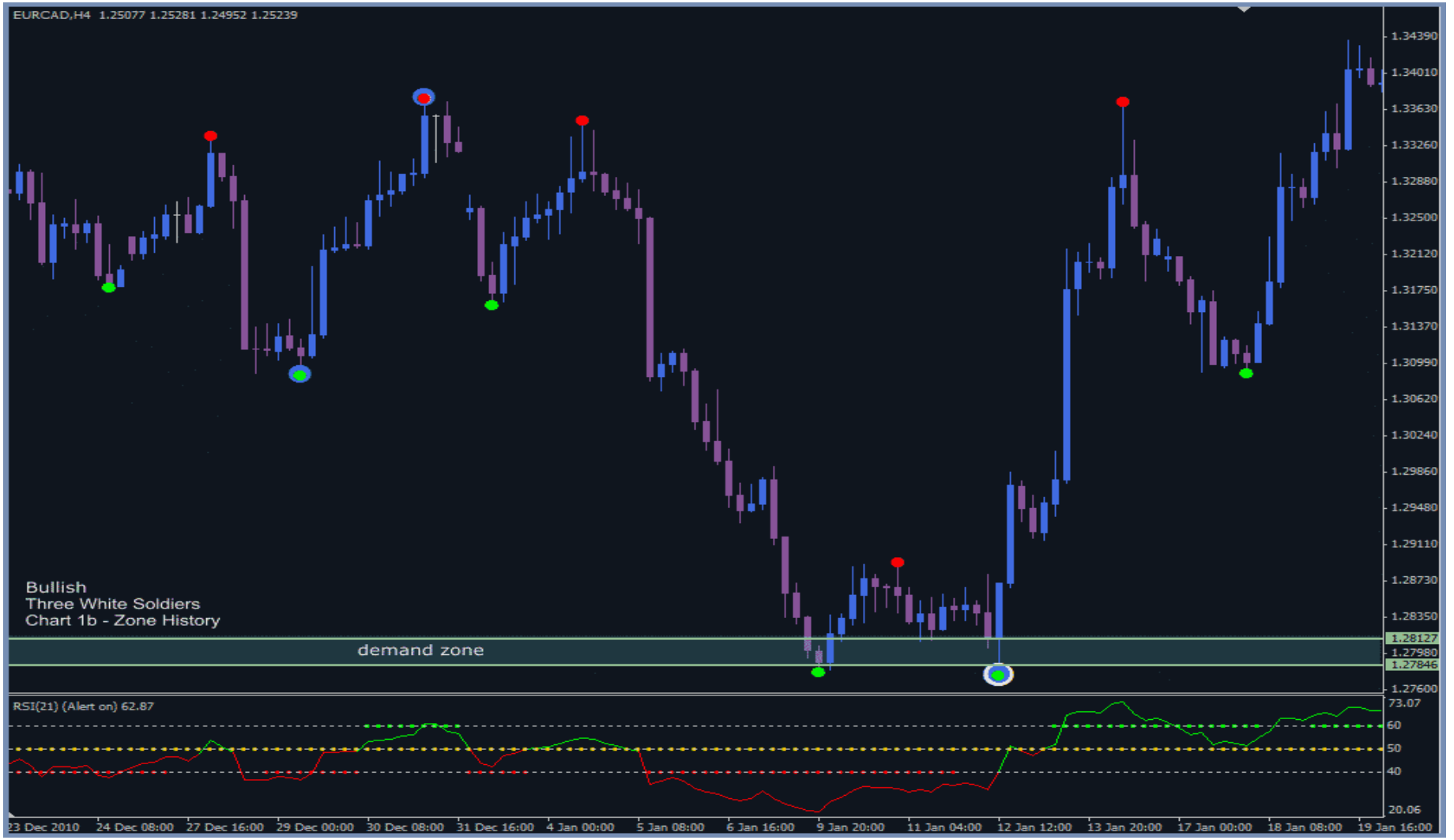
Now that we have 2 reversal candlestick patterns one after another, what we are waiting for? This may be the obvious question? Not so fast!



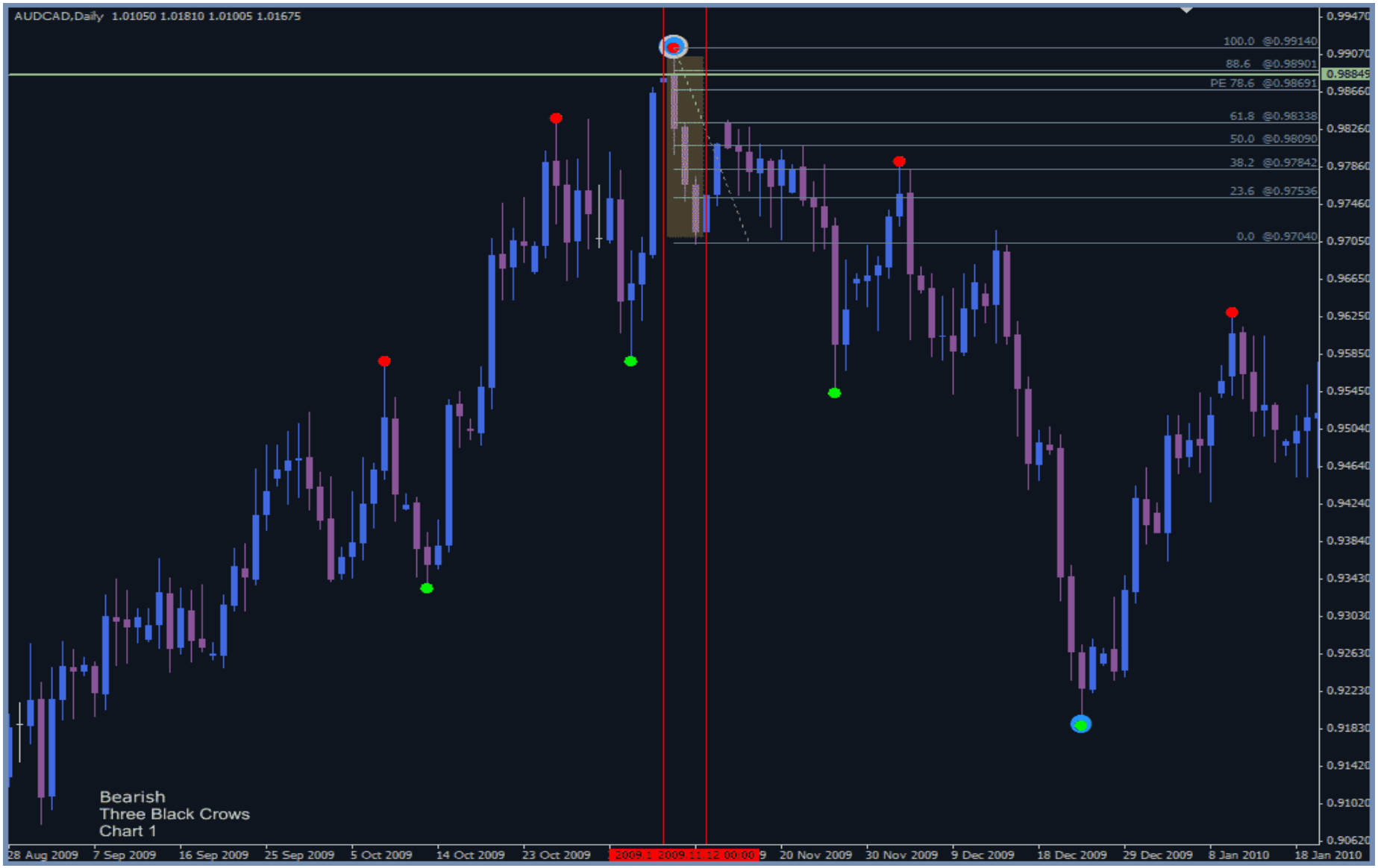
After 3 up or down candles there may be some profit taking and re-loading, especially 3 candles are large as illustrated above. Don't forget there are always those who may be thinking markets overbought or oversold after the third candle. If we didn't trade the engulfing pattern then it may be better to wait for profit taking retracement and enter with smaller risk. How much of a retracement we should be waiting for? Of course we don't know the answer in advance. However, you can use your Fib retracement tool and look for the lines.

Here are couple of example. They are not perfect but close enough.

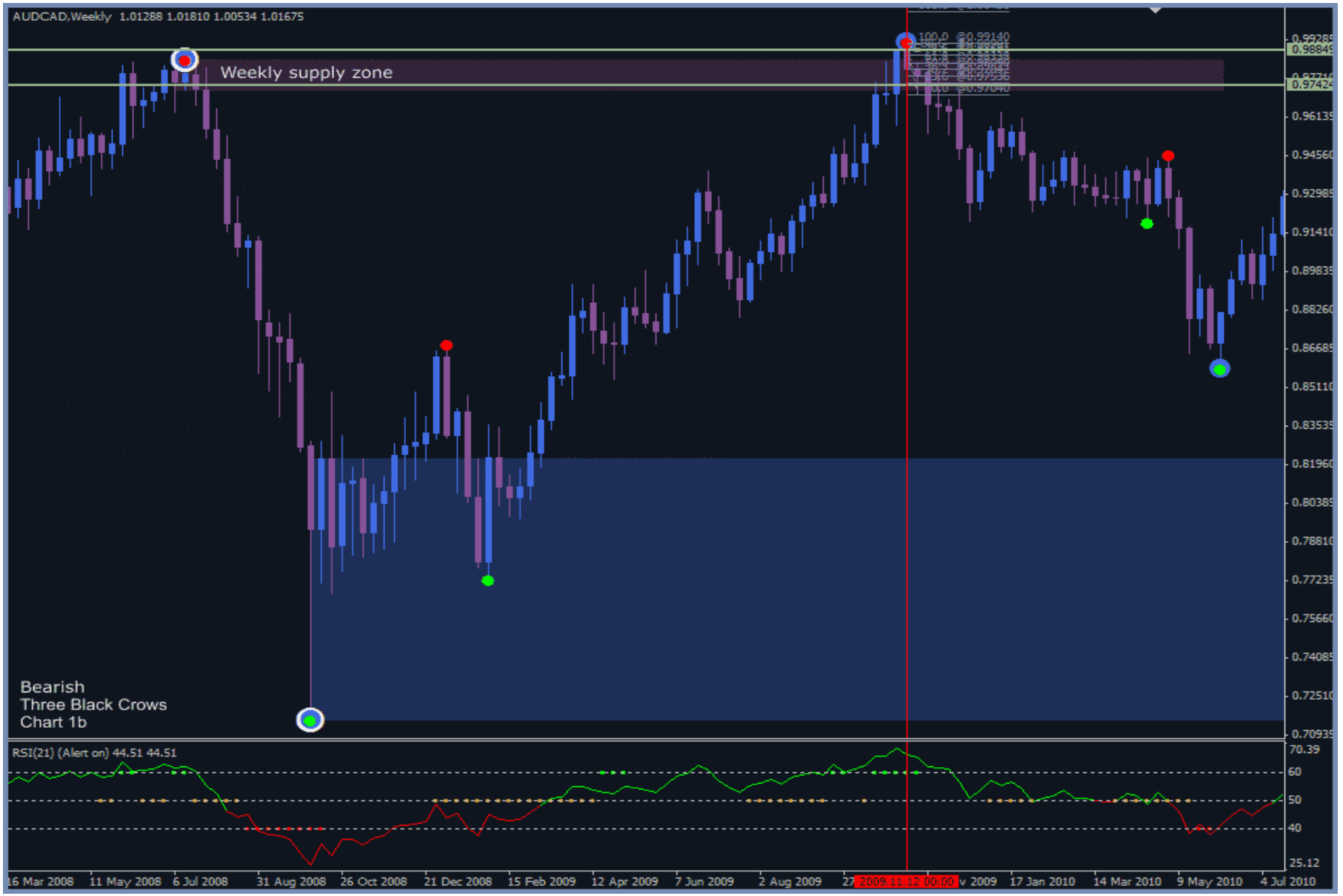




When we scroll back the chart we find our first reference demand zone.



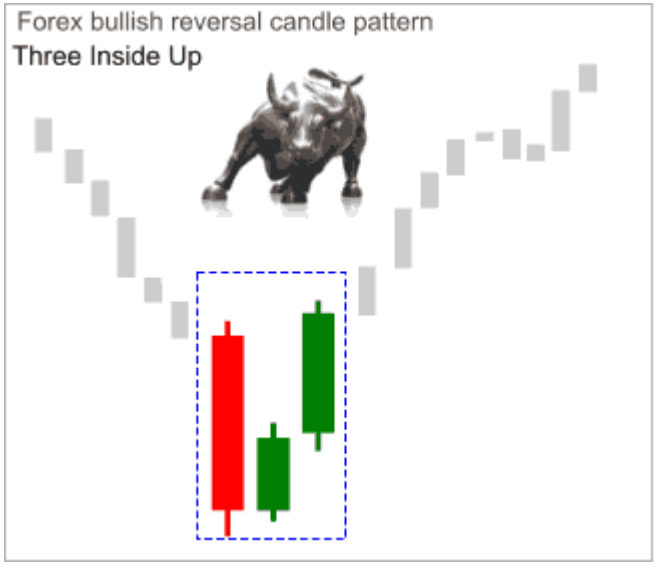
Three Black Crows

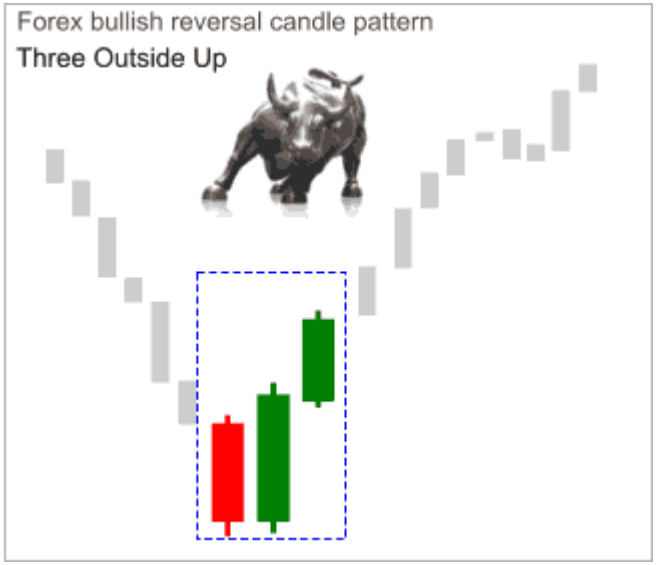


Again we scroll back the chart to find our supply zone reference.

Bullish Three Inside Up - Three Outside Up

We look to see these patterns on a down-trend.





Bullish three inside up candlestick pattern:

Last candle of the downtrend is a large bear candle. Of course we don't know at this point if it's a last candle of down-trend. We can re-phrase it by saying the first candle of the three inside up candlestick pattern is a large bear candle on a down-trend.

Buyers at this point show interest to the prices at this level and starts buying and we have a bull candle as a second candle. The bull candle manages to penetrate about halfway inside the bear candle.
At this point buyers are quite confident and continue buying in bigger scale. We end up having an another bull candle taking out largish bear candle by closing above it. This part is important. Second bull candle must close above the bear candle which is the first candle of the pattern.

One can also say that first the candle of the pattern is a simple Harami pattern. Harami shows us the interest of buyers at these levels but Harami pattern itself is not enough to commit. Most traders wait for confirmation before buying. The third candle of three inside up candlestick pattern provides that confirmation.

Buying on close of third candle may not be such a good idea at all times. There may be some profit taking after the third candle which may offer better entry opportunity.

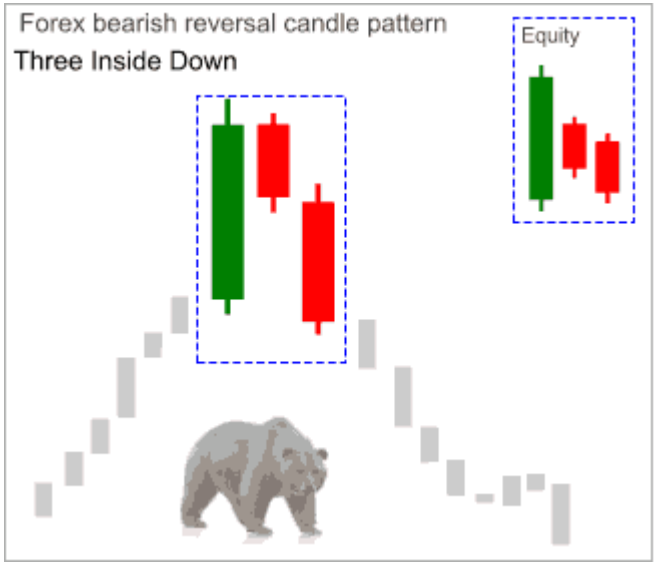
Bullish three outside up candlestick pattern:

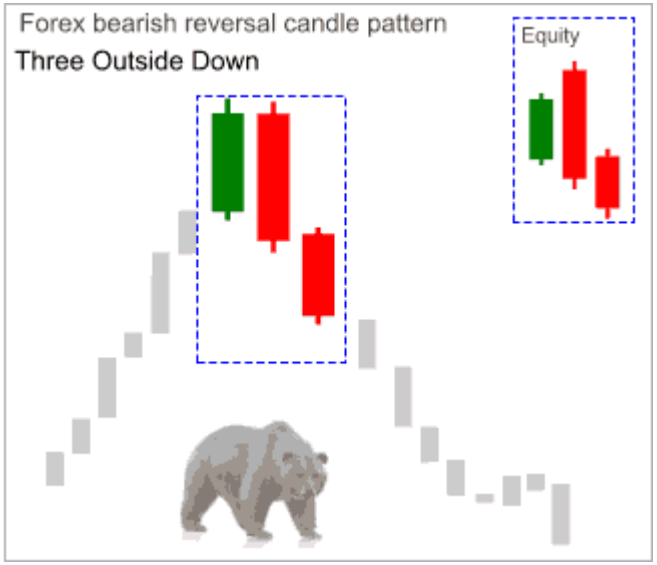
The first candle of the three outside up candlestick pattern is a largish bear candle on a down-trend.
Buyers at this point show interest to the prices at this level and starts buying and we have a bull candle as a second candle. Like in three inside up pattern, the second candle closes as a bull candle but unlike it closes well above the first candle [bear] of the pattern.
At this point buyers are quite confident and continue buying in bigger scale. The third candle again is a bull candle and closing well over the previous candle close.

When we see three outside up candlestick pattern, it may be one of the better opportunity to buy. As you can see, first two candles themselves already created a nice two candle pattern we know as a engulfing; in the case of the above illustration bull engulfing candle pattern.

Bearish Three Inside Down - Three Outside Down

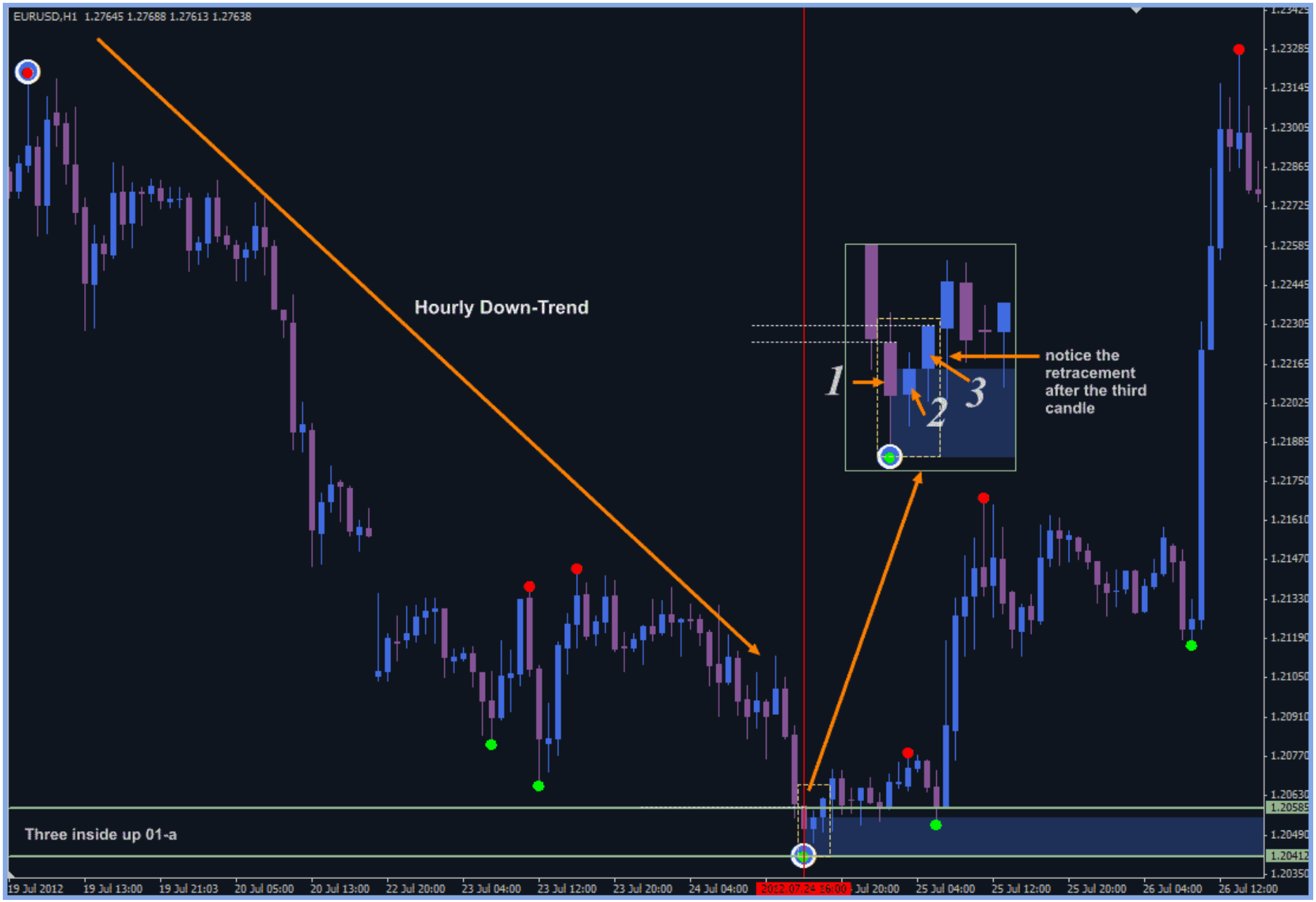
We look to see these patterns on an up-trend.



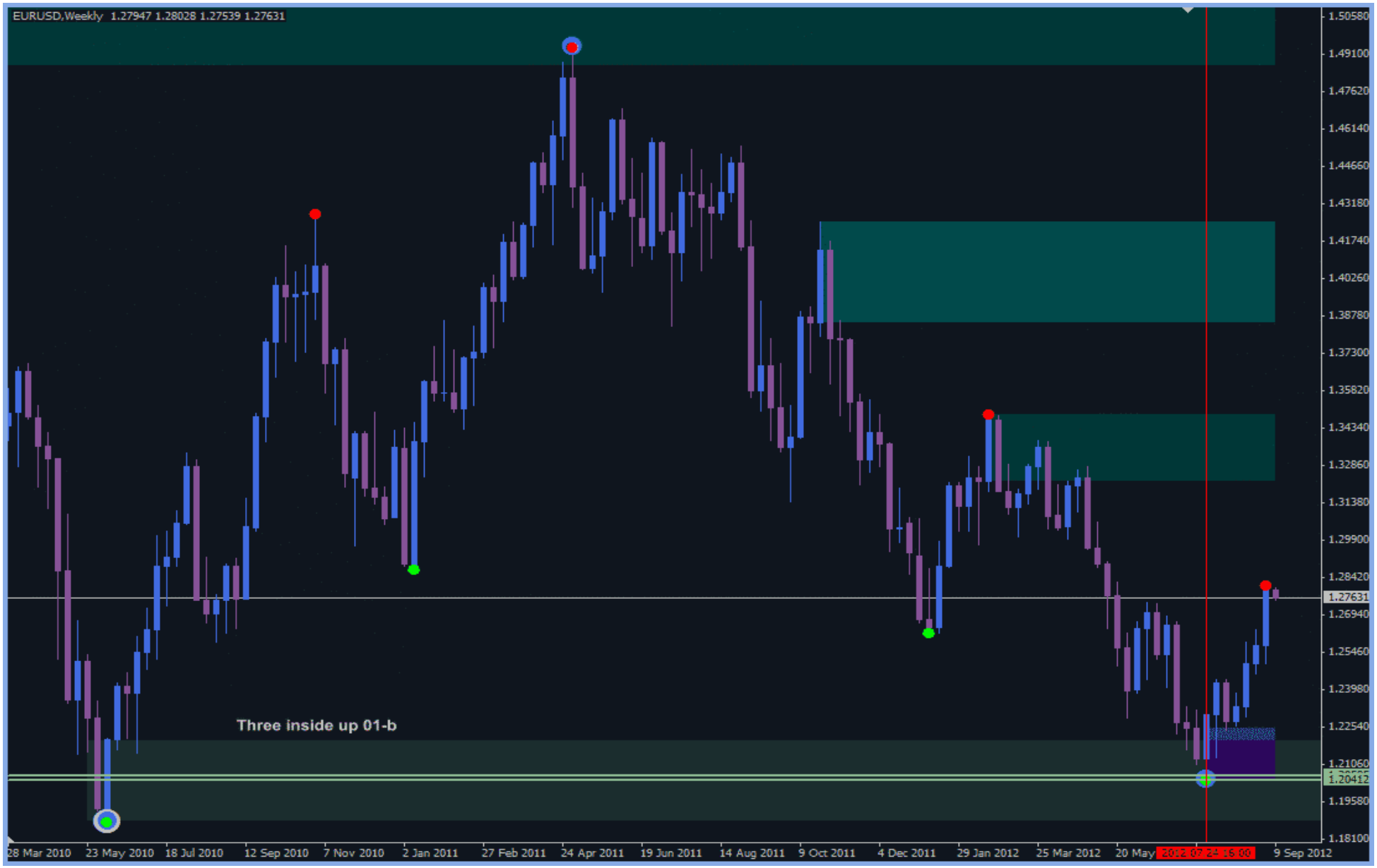


Bearish versions of the above Three Inside Up - Three Outside Up. Only difference is these are formed opposite. Just reverse the logic.

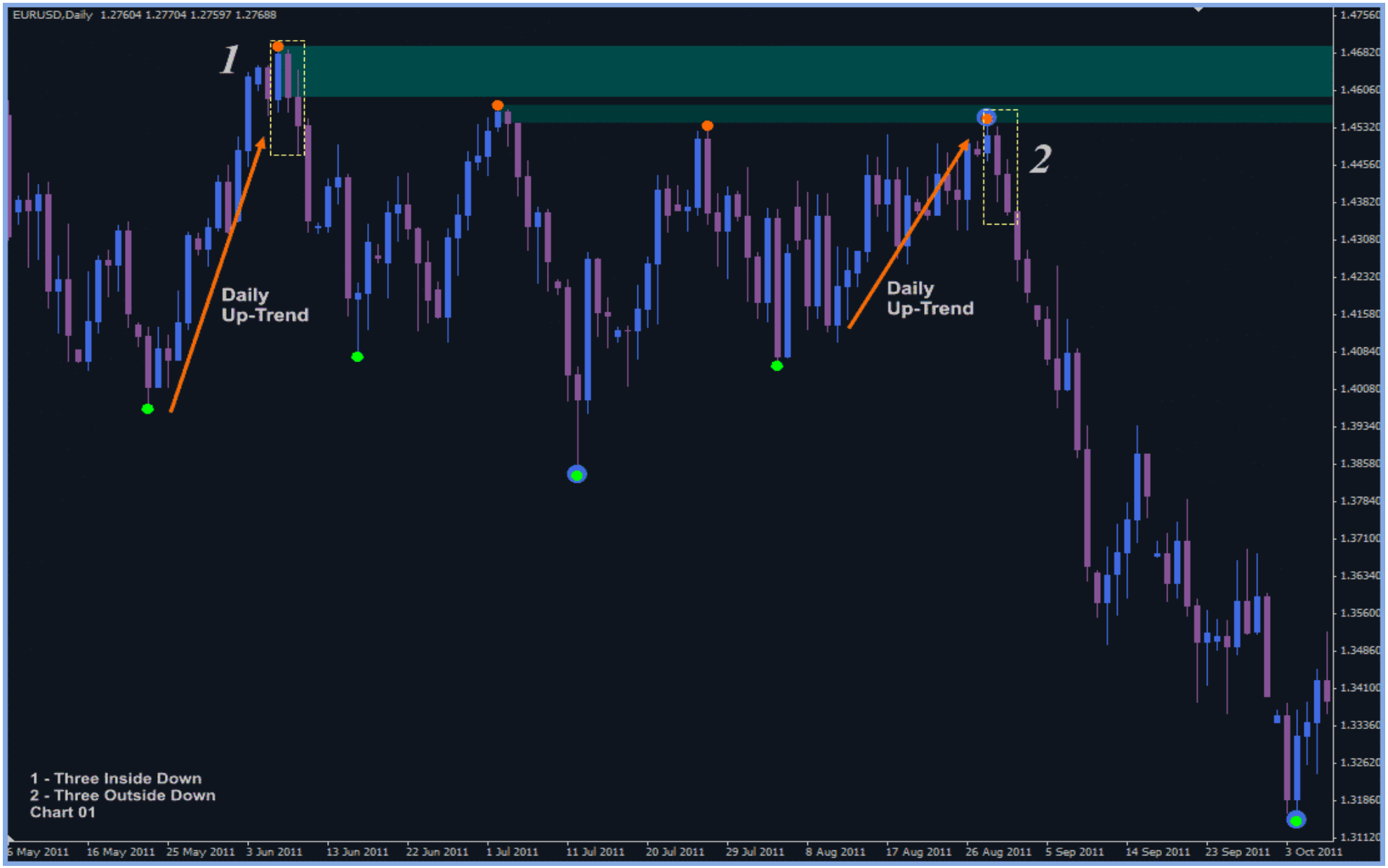
As always, for proper confirmation check to see if they appear on supply and demand zones and/or important historical price levels. If they do then probabilities would be much higher about their reliability.



Three Inside Up candle pattern. Lets mark our pattern position and check other time frames to see if find any refrence point it's position.



See what we found on weekly. You can see the similar refrence on other time frames. I choose the weekly to fit both zones on a same chart. Our pattern established iin middle of the weekly demand.



Three Inside - Outside Down.

Continuation Candlestick Patterns

Bullish Rising Three Methods & Bearish Falling Three Methods

Bullish Rising Three Methods

We look for Raising Three Methods candle pattern in an up-trend within the context of an up-trend continuation. Don't forget, this is not a reversal pattern but a continuation one. In general the pattern consist of five candles.

- The first candle of the pattern is a long bull candle. The up-trend is in full swing.
- The following three candles are small bear candles. They should be within the range of the first candle of the pattern.
- The last candle of the pattern is another long bull candle that signals the continuation of the up-trend.

Why we have those three bear candles rather than keeping up with the current up-trend?

The conventional explanation is that apparently market enters in period of consolidation before the continuation of up-trend. It shows that sellers doesn't have or put in enough fire-power to reverse the trend.

One may have bit of different outlook. It's nothing to do with sellers power or market resting etc. After such a long bear candle we have new high on price. Some profit taking and re-loading may be in order at this point as the trend has already been decided. Conveniently, just before the last bull candle there usually are some financial news, report or speech.

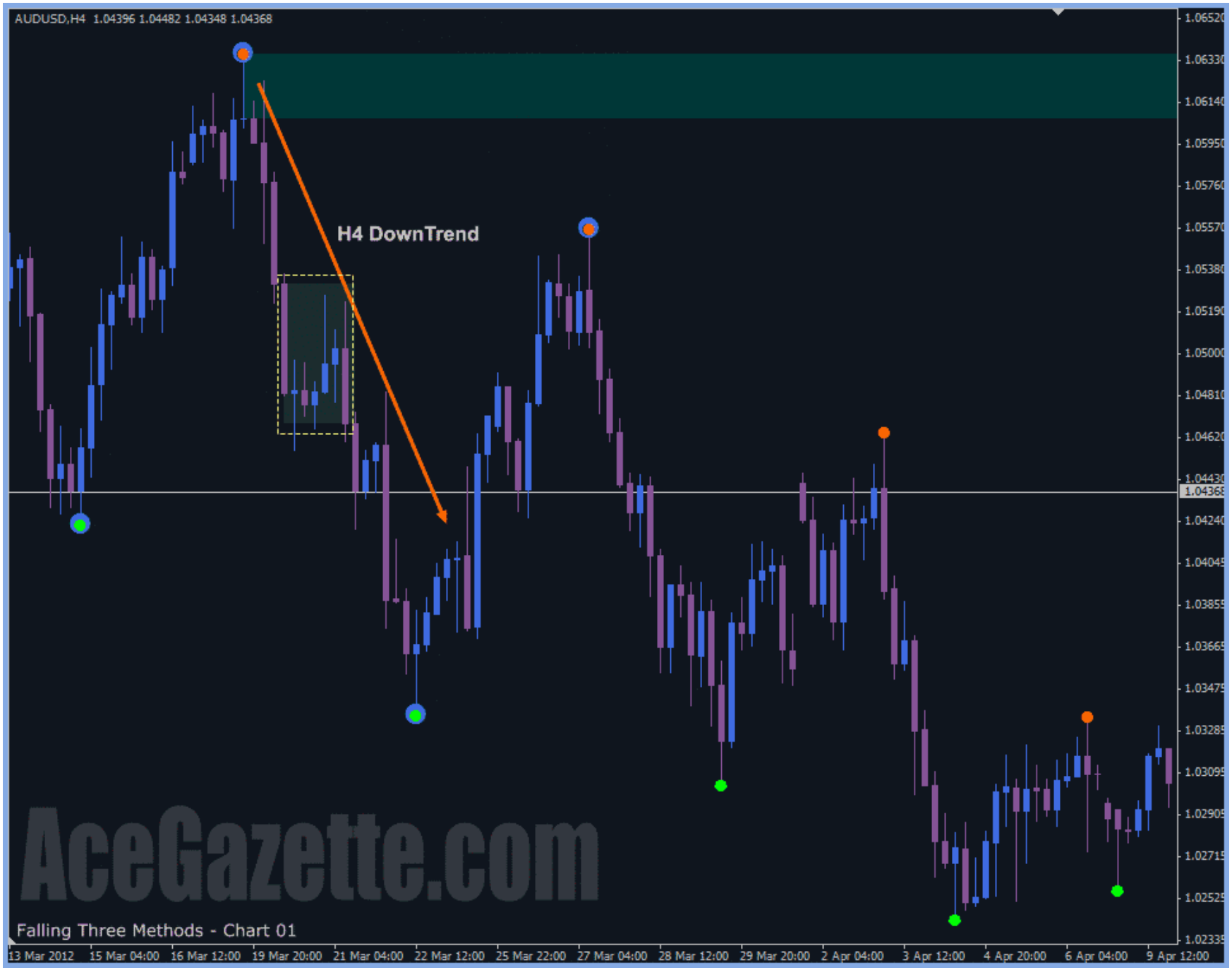
Couple of things to keep in mind with Three Methods pattern:

- In an ideal formation there are three middle bear candles, but in reality pattern may have more than three middle candle or even less than three. There could be only two middle candles.
- Each middle candle can be in different shapes, types and sizes, such as Doji, Star, bear or bull.
- Middle candles may have wicks in various sizes but important thing to remember each of the middle candle wicks needs to stay within the first candle [bull] of the pattern. By range we mean first candle's high/low. If and when one or more middle candle's wick takes out first candle low then we should have some concern about validity of the pattern. Remember, nothing is sure in markets.

Bearish Falling Three Methods

It's the opposite of Raising Three Methods pattern. Just reverse the logic. Naturally we'd be looking for Falling Three Methods pattern in a down-trend.

Raising Three Methods candle pattern


AUDUSD,H4 1.04396 1.04482 1.04348 1.04368
H4 DownTrend
AceGazette.com
Falling Three Methods - Chart 01
13 Mar 2012
15 Mar 04:00
16 Mar 12:00
19 Mar 20:00
21 Mar 04:00
22 Mar 12:00
25 Mar 22:00
27 Mar 04:00
28 Mar 12:00
29 Mar 20:00
2 Apr 04:00
3 Apr 12:00
4 Apr 20:00
6 Apr 04:00
9 Apr 12:00

Falling Three Methods candle pattern

A failed Three Line Strike Candle Pattern. It rather turned out to be a bearish engulfing pattern. Keeping in mind this is a daily chart, buy trade taken out after the completion of the pattern would be a looser. Why it failed? Traders with understanding of supply and demand plus historical price levels wouldn't take this entry. Most likely, they would take a buy order after testing historical price zone and creation of bull engulfing pattern. Please note, where bear and bull engulfing candle patterns formed.

Bearish In-Neck, On-Neck &Thrusting Candle Patterns

Strong continuation On-Neck - Medium Continuation In-Neck - Weak Continuation Thrusting.

We look for these bearish patterns in a down-trend within the context of continuation pattern. Don't forget, this is not a reversal pattern but a continuation one. These patterns consist of two candles.

Bearish On-Neck candle pattern

We have a long bear candle as a first candle of the pattern. Normally we'd see some profit taking after a large candle but in this occasion profit taking [some retracement] doesn't happen as the down-trend continues with the second bear candle of the pattern.

Bearish In-Neck candle pattern

Very similar first bear candle as in On-Neck candle pattern in a down-trend. However, second candle of the pattern starts as a bear candle but closes over the previous candle to produce a bull candle. In this occasion sellers decides to take some profit on the way down.

Bearish Thrusting candle pattern

Again we have similar long bear candle as the first candle of the pattern. The second candle starts similar to Bearish In-Neck one but it penetrates further into the first candle, about halfway but not above. It's just that profit taking by sellers is bit more intensive.

The Bearish Thrusting Candle Pattern looks quite similar to bullish harami pattern but it's much weaker one as bullish Harami closes above the midpoint of first candle.

On-Neck candle pattern

In-Neck candle pattern

Thrusting candle pattern